

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Home Department - C.I.D - Andhra Pradesh Protection of Depositors of Financial Establishments Act, 1999 -Attachment of Properties in respect of Akshaya Gold Farms & villas India Ltd. and Akshaya Gold Real Estates & Development Private Limited in Cr.No.89/2012, u/s. 420 IPC, section 4, 5 r/w 2(C), 3 of the Prize Chits and Money Circulation Schemes (Banning) Act, 1978, section 5 of the Andhra Pradesh Protection of Depositors of Financial Establishments Act, 1999 of Ongole I Town PS, Prakasam District - Attachment of properties - Ad-Interim Orders - Issued.

HOME (ARMS&SPF) DEPARTMENT

G.O.MS.No. 160

Dated: 05-12-2014

Read the following:

1. G.O.Ms.No.193, Home (General. B) Dept., dt. 23-8-2001.
2. From the Addl.DGP, C.I.D., Andhra Pradesh, Hyderabad,
Lr.C.No.2643/C12/CID/12, dt.18-09-2014.

ORDER:

Where as in the G.O. 1st read above, orders were issued appointing the Additional Director General of Police, Crime Investigation Department, Andhra Pradesh or Inspector General of Police, Crime Investigation Department as the "Competent Authority" under sub-section (1) of section 4 of the Andhra Pradesh Protection of Depositors of Financial Establishments Act, 1999 (Andhra Pradesh Act.No.17 of 1999) to exercise control over the properties attached by the Government under section 3 of the said Act;

2. And whereas, in the reference 2nd read above, the Additional Director General of Police, Crime Investigation Department, has informed that on a suomoto report of Inspector of Police, Ongole I-Town Police Station a case is registered vide Cr.No.89/2012, u/s. 420 IPC, section 4, 5 r/w 2(C), 3 of the Prize Chits and Money Circulation Schemes (Banning) Act, 1978, section 5 of the Andhra Pradesh Protection of Depositors of Financial Establishments Act, 1999 of Ongole I Town Police Station, Prakasam District and investigated and a preliminary charge sheet was also filed by him in the Hon'ble Court of District and Sessions Judge, Ongole and later the case was transferred to Crime Investigation Department.

The following persons are as accused in this case:

- A1 M.Sudhakar Rao
- A2. K. Srinivas
- A3. MarriboinaVenkaiah
- A4. Mettala Srinivasa Rao
- A5. Dada Pulla Rao
- A6. Atmakuri Ramesh Babu
- A7. DevakiHarinathBabu
- A8. KodiSudeerBabu
- A9. DevakiSrikanth Gupta
- A10. BhogiSubrahmanyam
- A11. AndelaSrinivasulu
- A12. ShaikLathifBasha
- A13. MaligaMahaboobBasha
- A14. ShaikMugeebBasha
- A15 D. Krishna Murthy
- A16 T. Srinivasa Rao
- A17 Ch. Ravi Shankar
- A18 K. Malakondaiah
- A19 T. VaradaRajulu
- A20. ShaikKajaVali
- A21. K. Siva Kotaiah
- A22. C. Radha
- A23. M. Rama Krishna
- A24. C. Ramalengeswara Rao
- A25. M. Srinivasa Rao
- A26. Shaik KajaMohiuddin.

(P.T.O.)

3. And whereas, the Additional Director General of Police, Crime Investigation Department, Andhra Pradesh, Hyderabad has stated that the investigation made so far revealed that the accused A.1 -Mungapati Sudhakarao, A.2-KukatlaSrinivas, A.3-MarriboinaVenkaiah, A.4-Mettela Srinivasa Rao, A.5-Dada pullarao, A.6-Atmakuri Ramesh Babu, A.7-DevakiHarnadhaBabu, A.8-KodiSudhirBabu established Akshaya Gold Farms & Villas India Ltd at the address Sri Vasu Plaza, 2nd floor, 2nd lane, Bhagyanagar, Ongole-I Town, with Corporate Identity Number (CIN) U45400AP2007PLC056203 on 05.11.2007 . Subsequently, the A.9 DevakiSrikanth Gupta joined as Director in Akshaya Gold Farms & Villas India Ltd. A.10 is the Chairman and Managing Director; A.16 is the whole time Director. Further the accused **A.1-MungapatiSudhakarao, A.4-Mettela Srinivasa Rao, A.5- Dada pullarao, A.6-Atmakuri Ramesh Babu, A.7-DevakiHarnadhaBabu,A.8-KodiSudhirBabu,A.10-BogiSubrahmanyam and A.16-Talluri Srinivasa Rao** established the Akshaya Gold Real Estates & Developers Private Limited, with Corporate identity Number (CIN) of company U70102AP2008PTC62128 on 08.12..2008 with Head office at D.No. 47-14/9/9, 3rd floor, HDFC Bank upstairs, Potluri Manson, Dwaraka Nagar, Main road, Visakhapatnam city. Subsequently the accused **A.9-DevakiSrikanth Gupta** joined as Director in Akshaya Gold Farms & Villas India Ltd.-**A.10** is the Chairman and Managing Director, **A.16** is the whole time Directors;

4. And whereas, the Akshaya Gold Farms & Villas India Ltd was doing money circulation business by collecting deposits from the gullible section of people under the guise of owning a bit of Farm land at the most affordable rate under different payment options, saying deceitful words that they were collecting deposits by way of periodical installments repayable with high rate of interest (20% simple interest) at the time of maturity and the company will register a piece of land in the name of depositor as an equivalent to the money paid by the depositor. The company received huge amounts of money from the public, through the agents and issued certificates as it was an advance amount for purchase of a piece of land in square feet/unit basis. There is no demarcation of land for the depositor and his deposits;

5. And whereas, the accused A.1 to A.10, A.16 enrolls the members as Marketing Executives (M.E) in a chain link/pyramid system. Each Marketing Executive shall pay Rs.1,000/- sale for a piece of land to an extent of 180 Sq. ft. One Marketing Executive has to join 10 Marketing Executives (M.Es) on left and right side and then the first Marketing Executive (M.E) is promoted as senior Marketing Executive. He will get binary commission for new members enrolled. The system will go up to zonal Manager-1 to Zonal Manager-4. At some juncture, the chain link breaks when it reaches a saturation point and then the management and the members who joined in initial stages only are the beneficiaries and those who join at later stage lose their money invested in the company. The gullible and small earning section of people joined as members in the different payment plans of the company believing the deceitful advertisements given by the company describing the promotion levels and rate of commissions at each level;

6. And whereas, the accused, who are the Directors of the Akshaya Gold Real Estates & Developers Private Limited and Akshaya Gold Farms & Villas India Limited did not follow the guide lines of Reserve Bank of India while collecting the deposits and have no valid permission to collect deposits from any person. The accused concealed the same with a fraudulent and dishonest intention and lured the people to join as Executive Members in the scheme operated by them. As per the existing rules of Securities and Exchange Board of India (SEBI), no company shall run a Collective investment scheme without obtaining a certificate of registration from SEBI. But it was observed that the group of Akshaya Gold companies has been inviting contributions from the general public through various payment schemes introduced by the company without obtaining a certificate of registration from SEBI;

7. And whereas, the Additional Director General of Police, Crime Investigation Department, Andhra Pradesh, Hyderabad has further stated that basing on report, the Inspector of Police, Ongole-I Town Police Station registered a case in Cr.No.89/2012 u/s 420 IPC, sec 4,5 r/w 2 (c), 3 of the Prize Chits Money Circulation Scheme Act, 1978, sec. 5 of the Andhra Pradesh Protection of Depositors of Financial Establishment Act, 1999 on 9-4-2012 and took up investigation. Two more cases in Cr.No.132/12 U/s 420 of IPC, sec.4,5 r/w 2 (c) (3) of the Prize Chits and Money Circulation Scheme (Banning) Act, 1978 and sec.5 of the Andhra Pradesh Protection of Depositors of Financial Establishments Act; 1999 of Chirala I Town Police Station, Prakasam District and Cr.No.70/2013 u/s 420 IPC, sec.4,5 r/w 2(ii) of PCMCS(B) Act, 1978 & sec.5 of the Andhra Pradesh Protection of Depositors of Financial Establishments Act, 1999 of Jaggaiahpetta Police Station, Krishna District, which are registered by local police have been taken over by Crime Investigation Department and are under investigation;

8. And whereas, the Additional Director General of Police, Crime Investigation Department, Andhra Pradesh, Hyderabad has also stated that the investigation clearly revealed that the accused and other directors, marketing executives of Akshaya Gold Farms & Villas India Limited deliberately cheated the public by carrying out non-banking financial transactions and acting as Non-Banking Financial Company without obtaining any legal permission from RBI & SEBI, under the guise of promoting real estate, collected crores of rupees violating existing laws, misappropriated major part of the money by way of transferring an amount of Rs.8,44,558 to Akshaya Packaged Drinking Water Private Limited and an amount of Rs.33,09,803/- to Akshaya Gold Home Care Products Private Limited i.e. a total of Rs.41, 54,361/- to its sister concern companies and diverted the money to them;

9. And whereas, the Additional Director General of Police, Crime Investigation Department, Andhra Pradesh, Hyderabad has further stated that the exact information with regard to 1) the total number of depositors/ subscribers/ members who invested money in the company in the money circulation schemes 2) The total members whose amounts are pending to be returned /refunded by the company, 3) the paid up amounts with its interest /bonus/waiting compensation which are due to the members, 4) appropriation of funds, assets, and 5) other financial statements etc. are said to be recorded in the hard discs seized by the police. They were sent to the FSL, Hyderabad for retrieving the data and analysis;

10. And whereas, he has further stated that, the Hon'ble High Court of Andhra Pradesh, in their order dated 5-3-2014 in CC No. 1674 of 2013 in CRL P.MP Nos. 6109 and 6110 of 2013 in CRL.P.No. 4573 of 2012, directed to verify whether there was any diversion of the funds of the company and the manner and the method of diversion and whether any other movable or immovable properties have been acquired by the directors in the name of their kith and kin or whether there are any benami transaction with the funds of the company. It is also directed to use methods to recover such properties. In this regard a counter affidavit is filed on 01-04-2014 and the matter will be listed on 16-9-2014. In obedience to the orders of the Hon'ble High Court, efforts are being made to collect such information, as required above by addressing letters to the various banks and the Commissioner and Inspector General of Registration and Stamps. In the said circumstances, the Akshaya Gold Farms & Villas India Ltd is not in a position to return or refund the deposits to the public who invested their hard earned money in the company expecting to get the same with higher rate of interest as it is not having sufficient funds either in the form of liquid, variable and fixed assets. There is every possibility of diversion of funds and other assets on the names of the kith and kin and binamies of the management of the company.

(P.T.O.)

11. Finally, the Additional Director General of Police, Crime Investigation Department,, Andhra Pradesh, Hyderabad has requested the Government, in order to protect the interests of the depositors of such company, pass an ad interim order attaching the properties listed in the Annexure I & II alleged to have been procured on the name of the said company and also on the names of other sister concerns of the said company from and out of the deposits collected by the said company and such other property of the said company, or the Managing Director, Directors or Members of the said company as the Government, may think fit and transfer the control over the said property to the competent authority.

12. In the circumstances reported by the Additional Director General of Police, Crime Investigation Department,, Andhra Pradesh, Hyderabad in the reference 2nd read above, Government have examined the matter carefully in the light of the provisions of the Andhra Pradesh Protection of Depositors of Financial Establishments Act, 1999 and hereby pass an ad-interim order u/s 3 & 5 of the said Act and sections 4,5 and 6 read with 2 (c) of the prized chits and money circulation schemes (Banning) act 1978, for attachment of the properties as Annexed in I & II in respect of Akshaya Gold Farms & Villas India Limited and Akshaya Gold Real Estates & Development Private Limited, in order to protect the interest of the depositors of the said defaulted financial establishments.

13. The Additional Director General of Police, Crime Investigation Department, Andhra Pradesh, Hyderabad and Competent Authority is requested to take necessary further action in the matter accordingly, as per the provisions of the said Act and the Rules made there under following due procedure and send compliance report to Government.

14. This order is available on internet and can be accessed at address <http://goir.ap.gov.in/>

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Dr. B.PRASADA RAO
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Additional Director General of Police, CID.,
Andhra Pradesh, Hyderabad (w.e.).

Copy to:-

The Director General of Police, Andhra Pradesh, Hyderabad (w.e.)
The Commissioner & Inspector General of Registration and
Stamps, A.P., Hyderabad(w.e.).
The PS to Prl. Secretary, Home Department (w.e.)
The Law (E) Department (w.e.).
SC/SF.

// FORWARDED :: BY ORDER //

SECTION OFFICER.

ANNEUXRE - I

Details of Accounts frozen by CID.

Sl. No.	Name of the Bank	Amount-RS.
1.	26 Branches of SBI in Kadapa, Mahaboob Nagar, Prakasham, Anantapur, Visakhapatnam Dist. Visakhapatnam City, Chittoorand West Godavari Dist. Guntur, Vizianagaram, Adilabad, Kurnool and Krishna Districts.	35,71,717.00
2	33 Branches of SBH in Kadapa, Mahaboob Nagar, Kurnool, Prakasham, Anantapur, Visakhapatnam, Chittoor, Adilabad, Krishna, Anantapur, Kurnool, Nalgonda Dist., West Godavari, Guntur, Vizianagaram, Kadapa, Khammam Dist. etc.	42,79,069.00
3.	95 Branches of Axis Bank in Nellore, Guntur, Kurnool, Khammam, Prakasham, Anantapur, Srikakulam, Kurnool, Guntur, Nalgonda, West Godavari, Hyderabad City, Srikakulam, Krishna Dists and Orissa State, East Godavari, Karnataka, Maharashtra, Madhya Pradesh etc.	2,20,13,751,.12
4	38 Branches of HDFC Bank in various Dists. ofKhammam, Nalgonda, East Godavari, Anantapur, Mahaboob Nagar, Ongole, Guntur, Karnataka, Orissa State. etc.	7,16,47,689.00
TOTAL		10,15,12,226.12

ANNEXURE-II

Properties identified and proposed for attachment:

Sl.No.	Name of the District	Land in Acres.
1	Ananthapuram	484.00
2	Vijayanagaram	1009.00
3	Prakasam	439.00
4	Kurnool	316.25
5	Nellore	106.67
	Total:	2354.92 i.e. 1,01,73,254 Sq.ft

Dr. B.PRASADA RAO
PRINCIPAL SECRETARY TO GOVERNMENT

// FORWARDED :: BY ORDER //

SECTION OFFICER.